

Service Area Plan

Department of General Services

Statewide Cooperative Procurement and Distribution Services (73008)

Service Area Background Information

Service Area Description

This service area implements the Virginia Public Procurement Act (VPPA) and provides a program for the leveraged procurement and distribution of quality goods and achievement of freight efficiencies for government operations through the Virginia Distribution Center (VDC).

Service Area Alignment to Mission

This service area aligns directly with DGS' mission of delivering quality, cost-effective and timely services.

Service Area Statutory Authority

- §2.2-1100 of the Code of Virginia establishes the Department of General Services and its divisions, and establishes the authority of the Department Director.
- §2.2-1109 through §2.2-1128 establish the Division of Purchases and Supply and its authority.
- §2.2-4300 through §2.2-4377 of the Code of Virginia, known as the Virginia Public Procurement Act, enunciates the public policies pertaining to government procurement from nongovernmental sources.

Service Area Customer Base

Customer(s)	Served	Potential
Colleges & Universities	153	153
Department of Corrections	194	194
Department of Mental Health, Mental Retardation, & Substance Abuse Services	25	25
Localities	305	314
Other Public Entities	530	530

Anticipated Changes In Service Area Customer Base

Minor changes in the customer base may occur but are unlikely due to a stable and long-standing customer base.

Service Area Partners

Department of Corrections Agri-Business Program

Service Area Partners

Virginia Department of Transportation

Service Area Partners

Virginia Industries for the Blind

Service Area Plan

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Service Area Products and Services

- Designated Emergency Operations site
- Staple foods
- Frozen foods
- Paper and plastic products
- Housekeeping and janitorial supplies
- Other select items
- Delivery of products
- Quality assurance & testing

Factors Impacting Service Area Products and Services

Increased fuel cost may increase freight costs to receive and ship products.

Anticipated Changes To Service Area Products and Services

Potential products are continuously evaluated to determine if they fit the business model. The business model requires that each item meets the high quality standards established with customer participation, has adequate customer demand and can be offered for a lower price than through a regular statewide contract.

Service Area Financial Summary

Statewide Cooperative Procurement and Distribution Services operates through the VDC as an internal service fund paying expenditures with revenues collected from customers in exchange for products.

	<u>Fiscal Year 2007</u>		<u>Fiscal Year 2008</u>	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$0	\$0	\$0
Changes To Base	\$0	\$0	\$0	\$0
SERVICE AREA TOTAL	\$0	\$0	\$0	\$0

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Service Area Objectives, Measures, and Strategies

Objective 73008.01

Provide cost avoidance to customers.

The primary purpose of Statewide Cooperative Procurement and Distribution Services is to provide cost avoidance to the Commonwealth. Annually, the VDC conducts a market basket survey to calculate the cost avoidance offered to customers.

This Objective Supports the Following Agency Goals:

- Improve our customers' business processes
- Provide cost effective and efficient services

This Objective Has The Following Measure(s):

- **Measure 73008.01.01**

The dollar value cost avoidance offered by VDC to customers over local or other available sources.

Measure Type: Output

Measure Frequency: Annually

Measure Baseline: FY05 cost avoidance of \$11.1 Million.

Measure Target: Target cost avoidance for FY06 is \$11.5 Million. Target cost avoidance for FY07 is \$11.9 Million.

Measure Source and Calculation:

The total cost avoidance for food and housekeeping items are calculated separately using the method the Joint Legislative Audit and Review Commission (JLARC) provided in its 2001 review of VDC operations. First, the average local price is calculated for each item on the survey. Second, the extended sales of each item is calculated using the quantity sold multiplied by VDC price and the quantity sold multiplied by the average local price. Next, the sum of the extended sales using VDC prices is subtracted from the sum of the extended sales using the average local prices. Finally, the difference is divided by the sum of the extended sales using VDC prices to yield the cost avoidance percentage.

To calculate the total dollar value cost avoidance, the food and housekeeping cost avoidance percentages are averaged and the resulting average is multiplied by the total sales for the fiscal year.

Objective 73008.01 Has the Following Strategies:

- Continue to monitor current contracts and search for new vendors to increase competition.
- Research potential new products to increase the product base.
- Aggressively market products to existing and potential customers.